

MODIFICATION AGREEMENT

THIS MODIFICATION AGREEMENT dated April ____, 2003, by and between the Industrial Development Authority of York County, Virginia (the Authority), and BANK OF AMERICA, N.A. (the Bondholder), whose address is One Commercial Place, 3rd Floor, Norfolk, Virginia 23510, index as grantee, and LISBETH A. MILLER (the Trustee), whose address is One Commercial Place, 3rd Floor, Norfolk, Virginia 23510.

W I T N E S S E T H :

WHEREAS, the Authority has issued its \$2,820,000 1999 Taxable Industrial Development Lease Revenue and Refunding Bond (Travaini Pumps Facility) (the Bond) and the Bondholder is the holder of the Bond; and

WHEREAS, the Bond was issued pursuant to a Bond Purchase and Loan Agreement (the Agreement) dated as of March 1, 1999, between the Authority and Bondholder; and

WHEREAS, payment of the Bond is secured by certain documents and instruments, including a Credit Line Deed of Trust (the Deed of Trust) dated as of March 1, 1999, between the Authority and the trustees named therein, recorded in the Clerk's Office of the Circuit Court of York County, Virginia (the Clerk's Office) in Deed Book 1099, at page 233; and

WHEREAS, the payment of the Bond is further secured by a Moral Obligation Agreement among York County, Virginia (the County), the Authority and the Bondholder; and

WHEREAS, the Company and the Bondholder have agreed to amend the Bond to adjust the Bond's interest rate, payment dates and final maturity and it is necessary and appropriate to execute and deliver this Modification Agreement to affect such amendments;

This instrument was prepared by
Kaufman & Canoles, P.C.
150 W. Main Street
Norfolk, Virginia 23510

NOW, THEREFORE, WITNESSETH that for and in consideration of the premises and the sum of one dollar (\$1.00) cash in hand paid by the Authority to the Bondholder, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. A specimen copy of the Bond is attached hereto as Exhibit A. The first paragraph on page 1 of the Bond is hereby amended to reduce the fixed rate of interest payable under the Bond from 6.15% to 4.71% per annum effective April 1, 2003.

2. The second paragraph on page 1 of the Bond is hereby amended and restated in its entirety to read as follows:

"On April 1, 1999, and on the first day of each month thereafter, to and including July 1, 1999, the Authority shall pay interest on the outstanding principal balance of this Bond. On August 1, 1999, and on the first day of each month thereafter, to and including April 1, 2003, the Authority shall pay an installment of combined principal and interest of \$20,598.93 (each such installment to be applied first to the payment of interest at the rate of 6.15% per annum and then to the reduction of principal). On May 1, 2003, and on the first day of each month thereafter, to and including April 1, 2013, the Authority shall pay an installment of combined principal and interest of \$16,374.49 (each such installment to be applied first to the payment of interest at the rate of 4.71% per annum and then to the reduction of principal). Principal of and interest on this Bond shall be due and payable in full on April 1, 2013."

3. The Authority hereby certifies as follows:

(a) The consummation of the transactions herein contemplated will not result in a breach or violation of any of the terms or provisions of or constitute a default under any indenture, mortgage, deed of trust, note or other agreement to which the Authority is a party, or by which the Authority is bound, or by which the properties of the Authority are bound, or any statute, law, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Authority or any of its properties;

(b) No consent, approval, authorization or order of any court or governmental agency or body, is required for the consummation by the Authority of the transactions contemplated hereby;

(c) There are no legal or governmental proceedings to which the Authority is a party, or to which the property of the Authority is subject and, to the best of Authority's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened or contemplated by others; and

(d) No chattel, equipment, furniture, fixtures, machinery and other personal property owned by the Authority and used in connection with the operation of the facility financed with the Bond is subject to any lien or encumbrance other than liens or encumbrances permitted by the Bond Documents (as such term is defined in the Agreement).

4. All references to the Bond and the Bond Documents shall be deemed to mean the Bond and the Bond Documents as amended by this Modification Agreement. Any other provision of any Bond Document, to the extent it is inconsistent with the modifications made by this Modification Agreement, is hereby rescinded and restated to be consistent herewith in all respects.

5. The Trustee has joined in the execution of this Modification Agreement to evidence her consent to the provisions hereof.

6. The County has joined in the execution of this Modification Agreement to evidence its consent to the provisions hereof and to confirm its obligations under the Moral Obligation Agreement.

7. The Bond and the Bond Documents, as amended hereby, shall continue in full force and effect, and all terms and conditions of the Bond and the Bond Documents not expressly modified by this Modification Agreement are hereby restated, ratified and confirmed. The

execution and delivery of this Modification Agreement shall not be deemed to constitute, and shall not constitute, a novation of the Bond or any agreement or instrument related thereto.

8. If any provision of this Modification Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

9. This Modification Agreement may not be amended, changed, modified, altered or terminated without the written consent of the parties hereto.

10. This Modification Agreement shall be governed by the applicable laws of the Commonwealth of Virginia.

11. This Modification Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same document.

WITNESS the following signatures and seals:

INDUSTRIAL DEVELOPMENT AUTHORITY
OF YORK COUNTY, VIRGINIA

By: _____
Chairman

(SEAL)

ATTEST:

Secretary

YORK COUNTY, VIRGINIA

Approved as to form:

County Attorney

By: _____
County Administrator

BANK OF AMERICA, N.A.

By: _____
Senior Vice President

_____(SEAL)
Lisbeth A. Miller, as Trustee

COMMONWEALTH OF VIRGINIA
AT LARGE

The foregoing instrument was acknowledged before me in _____, Virginia, this
____ day of _____, 2003, by _____, Chairman of the Industrial
Development Authority of York County, Virginia, on its behalf.

Notary Public

My commission expires:

COMMONWEALTH OF VIRGINIA
AT LARGE

The foregoing instrument was acknowledged before me in _____, Virginia, this
____ day of _____, 2003, by _____, Secretary of the Industrial
Development Authority of York County, Virginia, on its behalf.

Notary Public

My commission expires:

COMMONWEALTH OF VIRGINIA
AT LARGE

The foregoing instrument was acknowledged before me in _____, Virginia, this
____ day of _____, 2003, by _____, County Administrator of
York County, Virginia, on its behalf.

Notary Public

My commission expires:

COMMONWEALTH OF VIRGINIA
AT LARGE

The foregoing instrument was acknowledged before me in _____, Virginia, this
____ day of _____, 2003, by Kevin M. Larkin, Senior Vice President of Bank of
America, N.A., on its behalf.

Notary Public

My commission expires:

COMMONWEALTH OF VIRGINIA
AT LARGE

The foregoing instrument was acknowledged before me in _____, Virginia, this
____ day of _____, 2003, by Lisbeth A. Miller, as Trustee.

Notary Public

My commission expires:

#828424 v3

EXHIBIT A

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NEITHER THIS BOND NOR ANY PARTICIPATION HEREIN MAY BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE AUTHORITY THAT SUCH REGISTRATION IS NOT REQUIRED.

Dated as of March 1, 1999

Issued on March 16, 1999

UNITED STATES OF AMERICA COMMONWEALTH OF VIRGINIA

INDUSTRIAL DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA

\$2,820,000 1999 TAXABLE INDUSTRIAL DEVELOPMENT LEASE REVENUE AND REFUNDING BOND (TRAVAINI PUMPS FACILITY)

The Industrial Development Authority of York County, Virginia, a political subdivision of the Commonwealth of Virginia organized and existing under and by virtue of the laws of the Commonwealth of Virginia (the Authority), acknowledges itself indebted and for value received hereby promises to pay, solely from the source and as hereinafter provided, to NationsBank, N.A. (the Lender) or registered assigns or legal representatives, at its address as it appears on the registration books kept by the Secretary of the Authority as Registrar the principal sum of TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$2,800,000), together with interest thereon accruing from the date of issuance of this Bond as set forth above and, to the extent permitted by law, interest on any overdue installments of such interest, at a fixed rate equal to 6.15% per annum. Interest shall be calculated on the basis of a 360-day year but charged on the actual number of days elapsed.

Principal and interest on this Bond shall be payable as follows:

On April 1, 1999, and the first day of each month thereafter to and including July 1, 1999, the Authority shall pay interest on the outstanding principal balance of this Bond.

On August 1, 1999, and on the first day of each month thereafter to and including July 1, 2004, the Authority shall pay an installment of combined principal and interest of \$20,598.93 (each such installment to be applied first to the payment of interest and then to the reduction of principal). Principal of and interest on this Bond shall be due and payable in full on July 1, 2004.

In the event any installment of interest or principal is not paid within ten (10) days after the installment is due, the Authority shall pay the Lender a late charge equal to 5% of the installment of interest or principal then due. In the event any installment of interest or principal is not paid when due, this Bond shall be in default.

This Bond is issued pursuant to a Bond Resolution duly adopted by the Authority on March 9, 1999 (the Resolution), and a Bond Purchase and Loan Agreement (the Bond Purchase Agreement) dated as of March 1, 1999, between the Authority and the Lender to finance and refinance the construction and improvement of a 60,000 square foot commercial building in York County, Virginia (the Project), for lease to Travaini Pumps U.S.A., Inc. (the Lessee) and to pay costs related to the issuance of this Bond.

The Authority may prepay all or any portion of this Bond on any business day upon payment of 100% of the unpaid principal amount hereof to be prepaid plus interest accrued to the prepayment date. Any such prepayment of this Bond in part shall be applied to installments of principal in the order of maturity designated by the Authority.

The principal of and premium, if any, and interest on this Bond are limited obligations of the Authority payable solely from the revenues and receipts derived by the Authority from leases with respect to the Project which revenues and receipts are pledged to the Lender pursuant to that certain Assignment of Leases and Rents (the Assignment) dated as of March 1, 1999, between the Authority and the Lender. This Bond is secured by a Credit Line Deed of Trust dated as of March 1, 1999, between the Authority and the trustees named therein which creates a deed of trust lien on the Project. This Bond is further secured by payments, if any, received by the Authority from York County, Virginia (the County), in accordance with a Moral Obligation Agreement dated as of March 1, 1999, among the County, the Authority and the Lender.

The principal of and premium, if any, and interest on this Bond shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the Authority and the County. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the Authority and the County, shall be obligated to pay the principal of or premium, if any, or interest on this Bond or other costs incident thereto except from the revenues and receipts pledged and assigned therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the Authority and the County, is pledged to the payment of the principal of or premium, if any, or interest on this Bond or other costs incident thereto. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any past, present or future director, officer, employee or agent of the Authority in his individual capacity, and neither the directors of the Authority nor any officer thereof executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance hereof.

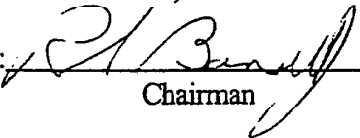
All payments made to the registered owner of this Bond hereunder or pursuant to the Bond Purchase Agreement or the Assignment shall, to the extent of the sum or sums so paid, satisfy and discharge the liability of the Authority upon this Bond or the instruments securing this Bond, as the case may be.

Upon default in the payment when due of any principal of or premium, if any, or interest on this Bond or upon the occurrence and continuation of an event of default under the Bond Purchase Agreement or the Assignment, the registered owner hereof may at its option declare the entire principal balance and all accrued interest hereon to be due and payable.

The transfer of this Bond may be registered by the registered owner hereof in person or by his duly authorized attorney or legal representative at the office of the Registrar, but only in the manner and subject to the limitations and conditions provided herein and in the Bond Purchase Agreement. Upon any such registration of transfer, the Registrar shall give the Authority notice of such transfer and the address at which payments hereunder are thereafter to be made. The Registrar shall treat the registered owner of this Bond as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner.

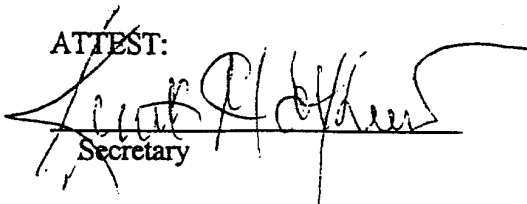
IN WITNESS WHEREOF, the Industrial Development Authority of York County, Virginia, has caused this Bond to be executed in its name by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary.

INDUSTRIAL DEVELOPMENT AUTHORITY OF
YORK COUNTY, VIRGINIA

By: 
Chairman

(SEAL)

ATTEST:


Secretary

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the attached Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the attached Bond on the books kept for registration thereof, with full power of substitution in the premises.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the attached Bond in every particular, without alteration or enlargement or any change whatever.

TRANSFER OF BOND

The transfer of this Bond may be registered by the registered owner or his duly authorized attorney upon presentation hereof to the Secretary of the Authority as Registrar, at his office in York County, Virginia, who shall make note of such transfer in the books kept by him for that purpose and in the registration blank below.

<u>Date of Transfer</u>	<u>Name of New Registered Owner</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Certificate of Principal Payments

The undersigned certifies that as registered owner of this Bond the undersigned has received payments of principal on this Bond in the aggregate amount of \$_____ and interest has been paid on this Bond through _____, _____.

Certificate of Prepayments

The principal amount of this Bond shall be reduced by an amount equal to the aggregate of prepayments noted hereunder. All prepayments shall be certified hereunder by an authorized representative of the registered owner of this Bond, and such certification shall constitute a cancellation of the principal amount due on this Bond in the aggregate of the amounts certified below.

<u>Amount</u>	<u>Date</u>	<u>Authorized Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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